

September 30, 2002

To: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Yvonne Brathwaite Burke  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: David E. Janssen  
Chief Administrative Officer

**BOARD REQUESTED REPORTS RELATED TO THE REFUGEE IMMIGRANT  
TRAINING AND EMPLOYMENT (RITE) PROGRAM**

On September 11, 2002, this office issued a status report (Attachment I) on two analyses related to the RITE program and completed a report regarding comparative data on services provided to RITE participants. Your Board requested these reports on June 4, 2002 (Synopsis #117) and June 26, 2002 (Synopsis #9B).

This report addresses the remaining issues from Supervisor Burke's motion requesting this office to review the efficiency of inter-departmental fund transfers between the Department of Public Social Services (DPSS) and the Department of Community and Senior Services (CSS). In addition, the motion requested the Auditor-Controller to conduct a Proposition A style cost analysis in comparing the CSS RITE program costs to the projected costs for DPSS employees to provide the same services.

**Background**

Due to a projected shortfall in DPSS budget in Fiscal Year (FY) 2002-03, DPSS proposed to directly provide case management activities for non-English/non-Spanish speaking CalWORKs participants. Since August 1998, CSS has provided these services, known as the RITE program, via contracts with community-based contractors.

The FY 2002-03 Adopted Budget reflects the transfer of this case management function to DPSS, subject to reconsideration based on the results of a Proposition A style costs analysis and other analyses related to the RITE program. To allow for the continuation of the RITE program until a final decision is made, CSS' existing community-based contracts have been extended on a month-to-month basis.

## **Auditor-Controller Review of the RITE Program**

Attachment II is the Proposition A style cost analysis report by the Auditor-Controller. The report is based on information provided by DPSS and CSS. The report compares the cost of DPSS continuing to contract with CSS to administer the RITE program via contracts with community-based contractors, versus DPSS employees directly providing the same services.

The Auditor-Controller report identifies that DPSS staff would provide case management services to the RITE participants at less cost than if the services are delivered through CSS. However, the Auditor-Controller has indicated that the estimates included in the DPSS and CSS cost analyses are based on assumptions and assertions that are difficult to verify. Accordingly, actual costs could vary significantly from those estimates.

The Auditor-Controller also evaluated which department, CSS or DPSS, could more cost-effectively manage the existing RITE service providers if the contracts were continued. Based on estimates submitted by both departments, the Auditor-Controller concluded that the contract administration and monitoring costs are comparable.

## **Other DPSS Funded Programs**

In addition to the RITE program, DPSS provides funding for CSS to manage the following CalWORKs and General Relief Opportunities for Work (GROW) contract services:

- Employment training and supportive services to GROW participants;
- Domestic violence services to CalWORKs participants; and
- Domestic violence services to GROW participants.

For these contracts with community-based contractors, this office reviewed the estimated avoidable costs of CSS continuing its administration versus having DPSS perform this function. It should be noted that avoidable costs generally do not include overhead costs, positions charging part-time to a program, etc. Thus, avoidable costs are less than the total program costs.

- GROW Employment and Training Services

Based on estimated avoidable costs, the costs for CSS to administer and monitor the contracts for employment training and supportive services to GROW participants are comparable to the costs of DPSS performing the same services.

- Domestic Violence programs for CalWORKs and GROW participants

These programs are funded by DPSS' CalWORKs and GROW funds and CSS' Presley Act trust fund. Based on the avoidable cost analysis, CSS can more cost-effectively provide these services, and CSS has the experienced staff to manage the domestic violence programs. If DPSS retained the domestic violence programs, there would be a duplication of services, as CSS would continue to administer other domestic violence programs funded by the Presley Act trust fund.

## **Conclusion**

The FY 2002-03 Adopted Budget reflects the transfer of non-English/non-Spanish case management services to DPSS. County staff would directly provide these services. Based on the representations made by the two departments, the Auditor-Controller's report identified that it is more cost-effective for DPSS to directly administer and provide case management services to the RITE participants. The Adopted Budget also reflects that CSS will continue to administer the domestic violence and GROW programs. As such, we recommend no change to the Adopted Budget.

If the Board accepts these recommendations, both departments will be instructed to ensure a seamless transition of the RITE program, including reimbursement to CSS and the RITE service providers for any previously incurred month-to-month contract costs.

If you have any questions, please contact me, or your staff may contact Anna Hom-Wong at (213) 893-2295.

DEJ:DL  
JEJ:AHW:kd

## **Attachments**

c: Auditor-Controller  
Executive Officer, Board of Supervisors  
Director, Department of Public Social Services  
Director, Department of Community and Senior Services